



MEMORANDUM

To: Members of the House Commerce Committee

From: Wendy Block, Director of Health Policy and Human Resources

Subject: Michigan Chamber Supports Due Process Rights Under UI Law (HB 4951)

Date: October 14, 2009

The purpose of this memorandum is to urge you to support House Bill 4951, legislation to prohibit the Michigan Unemployment Insurance Agency ("UIA") from consolidating the unemployment insurance (UI) accounts of commonly owned or controlled but separate corporate taxpayer entities without first finding a violation of the Unemployment Insurance Act or other Michigan law. HB 4951 would also prevent the UIA from unilaterally consolidating such separate accounts during the pendency of the employers' valid appeal from any UIA determination ordering consolidation.

Many of our members have contacted us regarding situations where the UIA has forced consolidation of UI accounts without the opportunity for comment or basic due process rights. In one case, the UIA forced the consolidation of an employer's multiple accounts and the employer waited over four years for a hearing to bring resolution to the dispute, all the while paying the higher unemployment tax rate that resulted from the forced consolidation. This is simply unacceptable.

An attorney who we consulted with on this legislation raised concern that the legislation, as drafted, could somehow be interpreted to mean that the Agency currently has the authority to consolidate accounts without a finding of violation or during an appeal. We hope that the legislation can be clarified to state that this authority doesn't exist under current law and HB 4951 merely codifies existing law.

We believe this legislation is consistent with basic due process rights and should be adopted. Please do not hesitate to let me know if you have any questions at 517/371-7678.
